

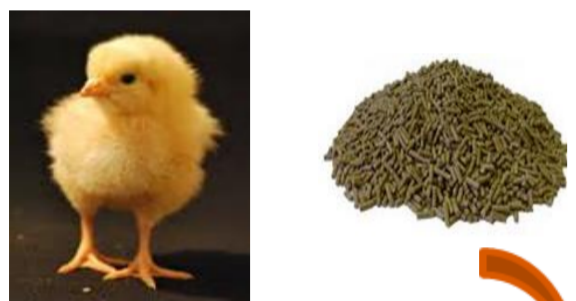
Regional Value Chains in SADC: The case of the animal feed to poultry value chain

1. Why regional poultry value chain?

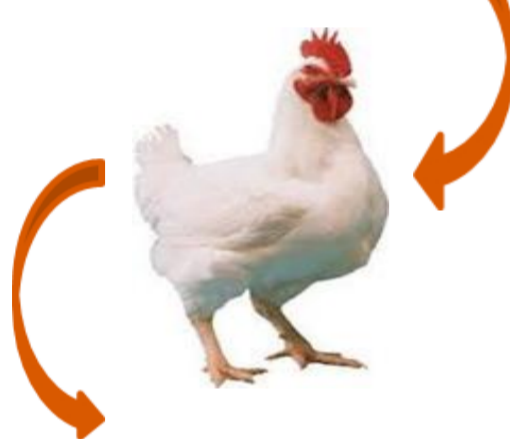
- Sub-Saharan Africa has experienced relatively high levels of economic growth from the mid-2000s, with rapid urbanisation.
- Increase in demand for processed food. Poultry is the main source of protein in many countries.
- Deficit in the region despite potential in producing main raw materials.
- Increasing production of raw materials in other parts of the region, such as Zambia.
- Research critically assesses the poultry value chain across Botswana, South Africa, Zambia and Zimbabwe.

2. Poultry value chain

- Linkages and coordination from agriculture through levels of production and processing
- Access to day old chicks and feed is very crucial for achieving competitiveness in the value chain.
- Trade deficit presents an opportunity for developing the regional value chain



- Breeder license holders, Day old chicks breeders and animal feed producers.



- Broiler producers-large scale production, contract growers.



- Abattoirs-largely owned by vertically integrated companies.



- Retailers and fast food outlets.

3. Regional spread of companies

- Spreading of SA companies investing into the region

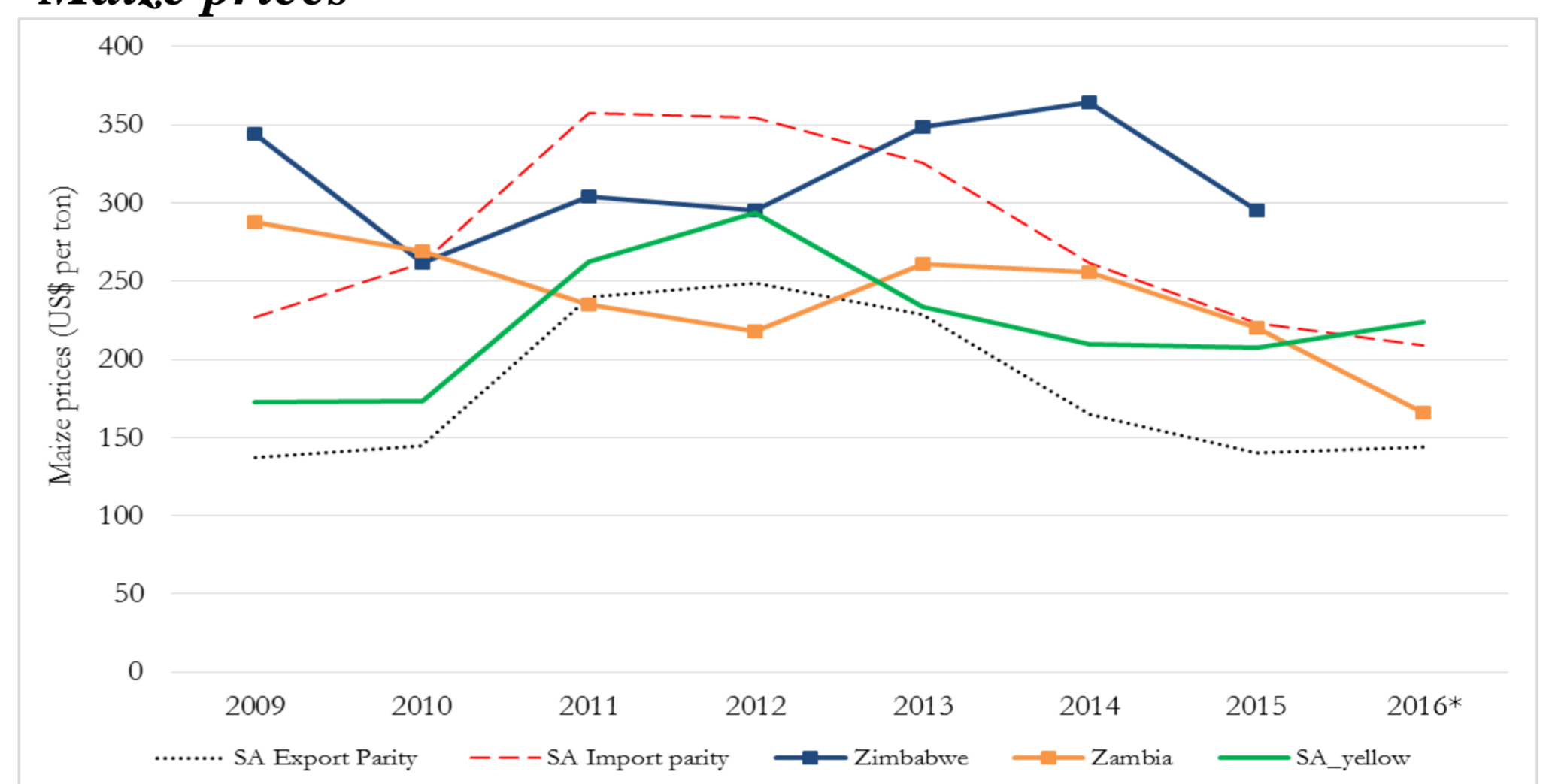
Company Name	Activities and entities
RCL foods	Cobb 500 license, vertically integrated in South Africa. (Exited Zambeef joint venture in Zambia)
Astral Foods	Ross licence, vertically integrated in South Africa. Tiger Chicks and Tiger Animal Feeds in Zambia
CBH Holdings	Arbor Acres license, vertically integrated in South Africa. Ross Africa and Supreme Poultry (Botswana, Mozambique and Zambia)
Quantum Foods	Vertically integrated in South Africa. Hatchery and Feed Mill in Zambia.
Irvin's Africa (Zimbabwe)	Vertically integrated in Zimbabwe.
Hybrid Poultry (Zambia)	Cobb breed, co-owns a processing plant with Verino Agro-Industry limited.

- Large vertically integrated companies which have international relationships with global transnational corporations for the licencing of breeding stock.

4. Prices of key inputs in the region

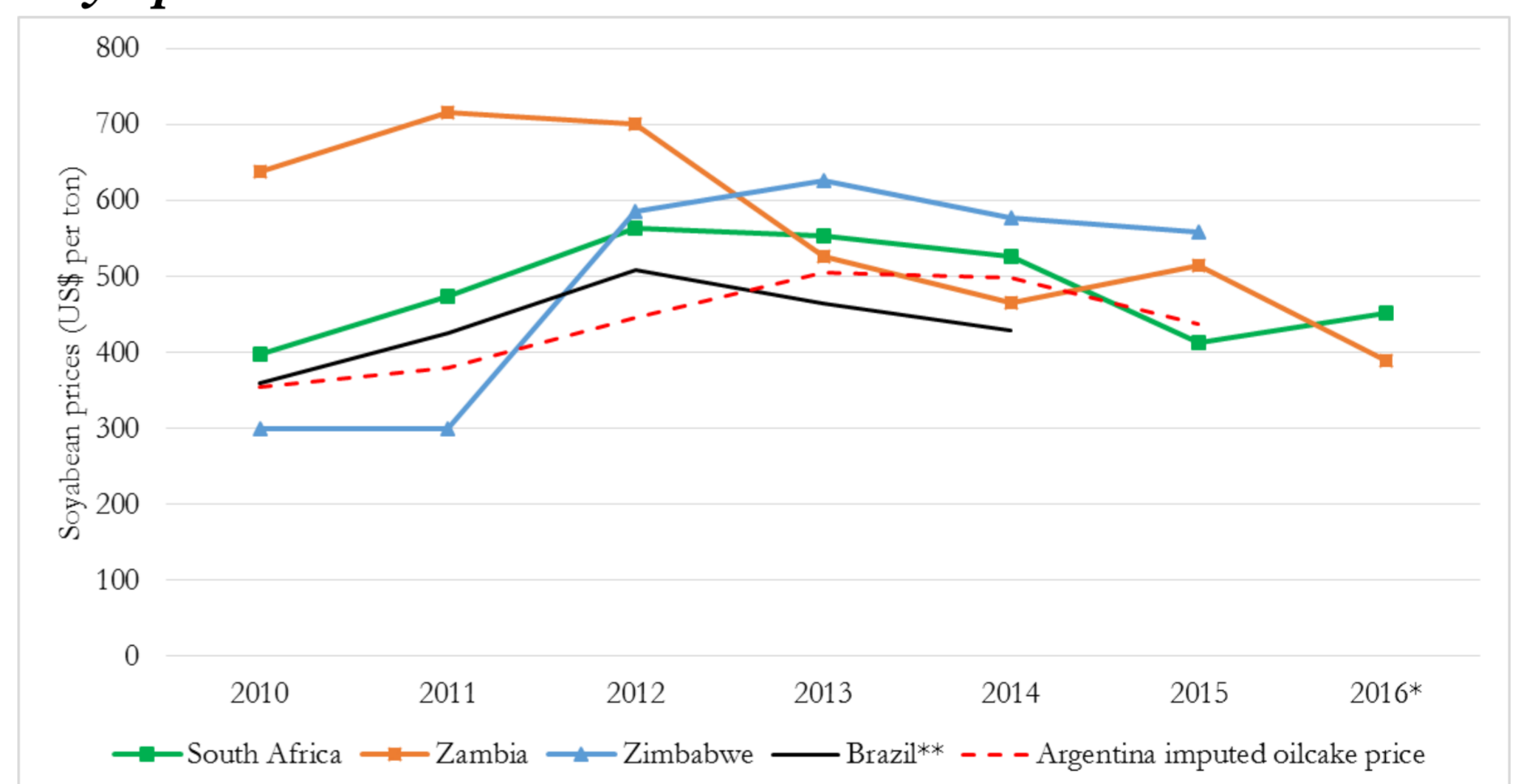
- Maize prices in Zambia lower in 2011, 2012, 2016 below SA. Zambia became a net exporter in 2011.
- Zambia was a net exporter of soya from 2013, increased production and lower prices.

Maize prices



2016 prices are up to September and July 2016 for Zambia and South Africa

Soya prices



2016 prices are up to September for both Zambia and South Africa

- Price differential needed to cover transport cost of around \$100/ton from Zambia to South Africa.

5. Key findings

- Significant investment and local industrialisation in the poultry value chain within countries in the region led by Zambia.
- Spread of large South African based firms investing into other countries in the region.
- Strong potential for a RVC in the poultry industry in southern Africa. Requires ongoing investment in expanded production especially of soya, lower transport cost and reduced obstacles to intra-regional trade.